

LNF & IHCIF Calculations Illustration **- CHINLE in Navajo area -**

Given Data

- 37,918 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 16% = % Expenditures on purchased services, 84% = % expenditures in-house
- 92.7% = Cost index for purchasing health care in this geographic area
- 83.5% = Size cost index for in-house costs due to small or large size
- 101.9% = Navajo area cost index for health status above or below average

Cost Adjustment Calculations

- \$452 per person for purchased services = $16\% \times 92.7\% \times \$2,980$
- \$2,082 per person for in-house services = $84\% \times 83.5\% \times \$2,980$
- \$2,533 per person total = \$452 (purchase) + \$2,082 (in-house)
- **\$2,582 per person total** adjusted for health status = $\$2,533 \times 101.9\%$
- **\$1,837 per person net cost** = $\$2,582 - \745 Other resources (M&M&PI)

Existing Expenditures (for 37,918 users excluding wrap-around and collections)

- \$505 per person = local IHS allowance (excludes \$ for wrap-around)
- \$273 per person = expenditures elsewhere in Navajo area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$832 per person for OU users** = $\$505 + \$273 + \$54$

LNF Calculation

- **32.2% Gross LNF** = $\$832$ (expenditures) / $\$2,582$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **45.3% Net LNF** = $\$832 / \$1,837$ net cost ($\$2,582 - \745 other)

IHCIF Allocation

- \$10,251,856 = \$ to raise LNF% from 45.3% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$357,585 Allocation** = $\$10,251,856$ needed for 60% * 3.488% IHCIF fraction

CHINLE Unmet Needs

- **\$69,655,817 Net Total Need** = 37,918 users * \$1,837 net cost
- **\$38,114,183 Net Unmet Need** = $(100\% - 45.3\% \text{ LNF}) \times 37,918 \text{ users} \times \$1,837 \text{ net cost}$